

RECORDATION NO. 9124-B Filed & Recorded

DEC 15 1977-11 20 AM



CONTINENTAL BANK

INTERSTATE COMMERCE COMMISSION
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO • 231 SOUTH LA SALLE STREET, CHICAGO, ILLINOIS 60693

RECORDATION NO. 9124-A Filed & Recorded

DEC 15 1977-11 20 AM

INTERSTATE COMMERCE COMMISSION
Mr. Robert Oswald

Secretary

Interstate Commerce Commission

Washington, D.C. 20423

December 8, 1977

7 3491013

RECORDATION NO. 9124 Filed & Recorded

DEC 15 1977-11 20 AM

INTERSTATE COMMERCE COMMISSION

CC Washington, D. C.

Dear Mr. Oswald:

Pursuant to the order of the Interstate Commerce Commission, dated July 28, 1952, as amended, prescribing rules and regulations for filing documents for recordation under the provisions of Section 20(c) of the Interstate Commerce Act. These are transmitted herewith for recording with your Commission three (3) counterpart originals of a Security Agreement (Chattel Mortgage and Assignment of Rents) executed by PLM FLAT CAR PROGRAM 1976 (Borrower) and PROFESSIONAL LEASE MANAGEMENT, INC. (which is also sole general partner of Borrower) dated as of November 8, 1976 to Continental Illinois National Bank and Trust Company of Chicago.

Also enclosed are three (3) certified true copies each of Railroad Car Lease Agreements dated as of April 15, 1976 between Professional Lease Management, Inc. (Lessor) and Allis Chalmers Corporation (Lessee) covering the lease of Car A and Car B which are the subject of the Security Agreement and Assignment of Rents described in the preceding paragraph.

Enclosed is a cashiers check for \$150.00 payable to the Interstate Commerce Commission, to cover the recording fee of the Security Agreement and the two Lease Agreements.

After the documents have been given a recordation number and the date and hour of recordation stamped thereon, I shall appreciate it if you would forward two sets of documents to my attention at,

Continental Illinois National Bank
and Trust Company of Chicago
231 South LaSalle Street
Chicago, Illinois 60693
Attn: C. Kosiek - Loan Division

Very truly yours,

C. Kosiek
Loan Division
Telephone: (312) 828-3276

RECEIVED

DEC 15 11 16 AM '77

CK:GD

I.C.C.
FEE OPERATION BR.

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

12/15/77

OFFICE OF THE SECRETARY

C. Kosiek
Continental Illinois Natl. Bank
& Trust Company of Chicago
231 South LaSalle Street
Chicago, Illinois 60693

Dear Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,

49 U.S.C. 20(c), on 12/15/77 at 11:20am
and assigned recordation number(s)

9124, 9124-A & 9124-B
Sincerely yours,


H.G. Homme, Jr.
Acting Secretary

Enclosure(s)

Next time please put the names & address of the parties
in each transation

SE-30-T
(6/77)

9124-B
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I, James R. Coulter, Vice President of Continental Illinois

National Bank and Trust Company of Chicago, hereby certify that

INTERSTATE COMMERCE COMMISSION

I have compared the attached copy with the original document
and that it is a true and correct copy in all respects.

In witness whereof I have hereunto set my hand this 8th day of December
1977.



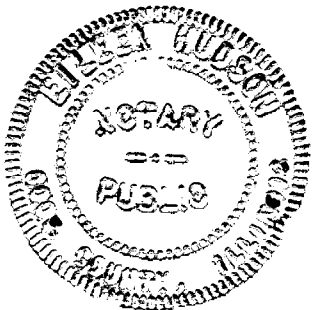
State of Illinois)

)SS

County of Cook)

I, Eileen Hudson, a Notary Public in and for the
County and State aforesaid, do hereby certify that James R. Coulter
personally known to me to be the individual who executed the above
certification, appeared before me this day in person and acknowledged
that he executed the said Certification.

Given under my hand and notarial seal this 8th day of Dec., 1977.



Eileen Hudson
Notary Public

MY COMMISSION EXPIRES
SEPTEMBER 22, 1978

RAILROAD CAR LEASE AGREEMENT

This Agreement entered into this 15 day of April, 1976 by and between PROFESSIONAL LEASE MANAGEMENT, INC., a California corporation (hereafter referred to as "Lessor"), and ALLIS-CHALMERS CORPORATION, a Delaware corporation (hereinafter referred to as "Lessee").

In consideration of the mutual terms and conditions hereinafter set forth, the parties hereto hereby agree as follows:

ARTICLE 1

LEASE

Lessor shall furnish and lease to Lessee, and Lessee shall accept and use subject to the terms and conditions herein set forth, the railroad car described more particularly in Exhibit "A" attached hereto and incorporated herein by this reference.

ARTICLE 2

TERM OF THE LEASE

The term of this Lease shall be the term specified in Exhibit "B" attached hereto and incorporated herein by this reference, subject to termination in accordance with Article 15 hereof.

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RECORDATION NO. Filed & Recorded

DEC 15 1977-11 20 AM

INTERSTATE COMMERCE COMMISSION

ARTICLE 3
DELIVERY OF CAR TO LESSEE

A. Date of Delivery:

Subject to Article 10 hereof, the car shall be delivered on the date shown on Exhibit "B" hereof or, if later, the date the car is delivered to Lessee by the manufacturer or other supplier of the car. Delivery of the car by Lessor shall be subject to all causes beyond the reasonable control of Lessor, and the date of delivery shall be extended for a period of time equal to the period of excusable delay and its consequences.

B. Place of Delivery and Effective Date:

Lessor shall deliver the car to Lessee at the place specified in Exhibit "B". Upon such delivery, Lessee shall inspect such car and, if such car is found to be fit and suitable to operate within the meaning of the Code of Rules hereinafter mentioned in Article 9 and complies with the description set out in Exhibit "A", to accept delivery of such car and deliver to Lessor a certificate of acceptance stating that the car has been inspected and accepted on behalf of Lessee on the date of such certificate whereupon such car shall be deemed to have been delivered to and accepted by Lessee and shall be subject thereafter to all of the terms and conditions of this Lease. Hereafter such date shall be referred to as the "Effective Date" and such certificate of acceptance shall be appended hereto and made a part hereof as Exhibit "D." Inspections made on Lessee's behalf shall be conducted at the manufacturer's or other supplier's site by an independent inspector, acceptable to both parties, and any inspection fees involved shall be the sole expense of Lessee.

C. In the event that at the time of delivery the car is found not to comply with the description set out in Exhibit "A", the Lessee may nevertheless accept the car on condition that the Lessor agrees to assert all its rights against the manufacturer of the car to have the car comply with the

description in Exhibit "A" and the manufacturer gives reasonable assurance that he will honor such rights within a reasonable time.

D. Delivery Charges:

Shipping charges for delivery of the car shall be borne by Lessee.

ARTICLE 4

MARKINGS

- A. At the time of delivery of the car by Lessor to Lessee, the car will be plainly marked on each side with Lessor's identification marks. If during the continuance of this Lease such markings shall at any time be removed or become illegible, wholly or in part, Lessee shall immediately cause such markings to be restored or replaced at Lessee's expense.
- B. Lessee shall not place, nor permit to be placed, any additional lettering or marking of any kind upon the car without Lessor's prior written consent except for the purpose of evidencing the operation of the car in Lessee's service.

ARTICLE 5

PAYMENT OF RENTALS; OTHER CONDITIONS

A. Security Deposit:

Lessee shall pay to Lessor on or before the date of signing this Lease a security deposit in an amount equal to one full month's rent. Lessor shall repay the security deposit to Lessee within ten (10) days after delivery of the car pursuant to Article 3A hereof.

B. Monthly Rentals:

The monthly rental with respect to the car shall be the rental specified in Exhibit "B" hereof and shall begin on the Effective Date and continue in

effect throughout the term of this Lease unless such car is redelivered to Lessor at an earlier date as provided in Article 15 hereof; provided, however, that such fixed rental rate shall be increased or decreased by the rate of \$15.00 per month for each \$1,000.00 by which the final purchase price paid by Lessor for such car is more or less than the Estimated Cost stated in Exhibit "B" hereof, or a pro rata portion of such \$15.00 for any increment less than \$1,000.00. The first rental payment shall be made on the Effective Date and shall be equal to the monthly rate prorated on a daily basis for the number of days from the Effective Date to the end of that calendar month. All subsequent rental payments shall be made in advance on or before the first day of each succeeding calendar month during the term of this Lease. The last rental payment shall cover the number of days from the first day of the final calendar month to the termination date of this Lease at the pro rata rate per day.

C. Opinion of Counsel:

Lessee on or before the execution of this Lease shall furnish to Lessor an opinion of counsel satisfactory to counsel for Lessor that:

1. Lessee is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and is either duly qualified to do business and is in good standing in such other jurisdictions in which the business and activities of Lessee require such qualification or its failure to so qualify in such other jurisdiction will not have a material adverse impact on this Lease.
2. Lessee has full corporate power to enter into this Lease.
3. The Lease has been duly authorized, executed and delivered by the Lessee, and constitutes a valid, legal and binding agreement, enforceable in accordance with its terms.

47 No approval is required by the Lessee from any governmental or public body or authority with respect to the entering into or performance of this Lease.

5. The entering into and performance of this Lease will not conflict with, or result in a breach of, the terms, conditions or provisions of any agreement or instrument to which the Lessee is a party or by which it or its property may be bound or, to the knowledge of counsel, conflict with, or result in a breach of, any of the terms, conditions or provisions of any law, or any regulation, order, injunction, permit, franchise or decree of any court or governmental instrumentality binding upon Lessee.

D. Acknowledgment of Assignment:

In the event Lessor assigns its interest in this Lease, Lessee, at the request of Lessor, shall execute and deliver to Lessor an acknowledgment of assignment of lease similar in form to Exhibit "C" attached hereto and incorporated herein by this reference, and upon such request and execution, furnish to lessor an opinion of counsel that the acknowledgment has been duly authorized, executed and delivered by Lessee and constitutes a valid, legal and binding instrument, enforceable in accordance with its terms.

ARTICLE 6
MILEAGE ALLOWANCE

A. Collection:

Any mileage allowances, rentals and/or other compensation payable by railroads (hereinafter referred to as "allowances") by reason of the use of the car shall be collected by Lessor. In connection therewith, Lessee agrees to report to Lessor the movements of the car, giving therein the date, destination, and routing of the car together with all information which Lessee may receive from railroads, or from other sources.

B. Lessee Mileage Credit Allowance:

Insofar as applicable laws and regulations permit, Lessee (unless an event of default specified in Article 14 hereof shall have occurred and be continuing) shall be entitled to all allowances collected by Lessor from railroads pertaining to the car as a credit against rents and any other amounts that Lessee may be required to pay Lessor, but in no event shall such credit exceed the sum of such obligations.

ARTICLE 7
CAR ALTERATIONS

Lessee shall not alter the physical structure of the car without the advance written approval of the Lessor.

ARTICLE 8
MAINTENANCE AND REPAIRS

A. Responsibilities:

Except where responsibility is placed upon others as provided in Article 9 hereof, Lessee at its expense, shall maintain and repair the car and removable parts in good condition and repair according to the Code of Rules hereinafter mentioned.

B. Notification of Needed Repairs:

If the car becomes unfit for service for any reason, Lessee shall notify Lessor in writing of needed repairs, and if responsibility for such repairs is placed on Lessor under Article 8A, Lessor shall have a reasonable period of time to repair and return such car to service.

ARTICLE 9
LOSS OR DAMAGE

A. Responsibilities:

Lessee shall be responsible for loss or destruction of, or damage to, the car or parts thereof or appurtenances thereto, furnished under this Lease unless the then prevailing Code of Rules Governing the Condition of, and Repairs to, Freight and Passenger Cars for the Interchange of Traffic, promulgated by the Association of American Railroads places responsibility upon a railroad subscribing to such Code of Rules; provided, however, that Lessee shall not be responsible if such loss, destruction or damage to the car or parts thereof or appurtenances thereto was caused by the neglect or willful act of Lessor.

If the car is lost, damaged, or destroyed while on the tracks of Lessee, any private track or on the track of a railroad that does not subscribe to such Code of Rules or in the event that the car is damaged by any commodity which may be transported or stored in or on the car, such repairs, renewals or replacements as may be necessary to replace the car, or to place it in good order and repair shall be at the sole cost and expense of Lessee. Lessor and Lessee agree to cooperate with and to assist each other in any reasonable manner requested, but without affecting their respective obligations under this Article, to establish proper claims against parties responsible for the loss or destruction of, or damage to, the car. In the event the Code of Rules conflicts with any provision of this Lease, this Lease shall govern.

B. Substitution:

If the car should be damaged or destroyed, Lessor shall have the right, but shall not be obligated, to substitute another car of the same type, capacity and condition.

C. Indemnification by Lessee:

1. Damages, Losses and Injuries: Lessee shall defend, indemnify and hold Lessor harmless from and against all losses, damages, injuries, liabilities, claims, and demands whatsoever (including without limitation attorneys' fees) arising out of or as a result of the use, storage, and/or operation of the car during the term of this Lease, including without limitation, claims for (a) injury to or death of persons including employees of Lessee, (b) loss of or damage to property including the car or property of Lessee, and (c) economic loss of Lessee due to the nonavailability for use of the car or property damaged or destroyed; provided, however, that if Article 9A places the responsibility for loss, destruction or damage to the car on Lessor or a subscribing railroad to the Code of Rules, Lessee shall have no obligation to indemnify Lessor for the loss, damage or destruction of the car. Lessee's obligation to defend, indemnify and hold Lessor harmless shall survive the termination of this Lease for any reason.
2. Damage or Loss to Commodities: Lessor shall not be liable for any loss of, or damage to, commodities or any part thereof loaded or shipped in the car however such loss or damage shall have been caused or shall have resulted. Lessee agrees to defend, indemnify and hold Lessor harmless from and against any such loss or damage or claim therefor.
3. Insurance: Lessee, at its own expense, shall maintain liability insurance satisfactory to Lessor and shall insure the car against all risks, including the loss of, damage to, or destruction of, the car in an amount corresponding to that shown on Exhibit "B" hereof. The All Risk insurance shall name Lessor and Lessee as insureds and the policy shall provide that they may not be cancelled or altered without at least ten (10) days' prior written notice to Lessor.

ARTICLE 10

LOSS OF USE OF CAR BY LESSEE

- A. Lessor shall not have any liability to Lessee under this Lease or otherwise resulting from the loss of use of the car regardless of the cause thereof, including without limitation the unsuitableness or unfitness of such car under Article 3 hereof.
- B. In case the car is totally destroyed, the obligation of the Lessee to pay the rentals hereunder shall cease and the Lease shall thereupon terminate subject to the provisions of Article 9 hereof.

ARTICLE 11

TAXES

- A. Lessee shall pay and indemnify and hold Lessor harmless from all taxes including, without limitation, personal property taxes, sales and/or use taxes (excluding, however, any tax measured by the Lessor's net income) and levies, imposts, duties, tariffs, customs, switching, demurrage (hereinafter referred to collectively as "other charges"), including penalties and interest thereon, levied or imposed by any foreign, Federal, state or local government or taxing authority, railroad or other agency upon or with respect to the Lessor, the car or the lease thereof.
- B. If claim is made against Lessor for any such tax or other charge, Lessor shall promptly notify Lessee. If requested by Lessee in writing (which request shall not be unreasonably denied), Lessor shall upon receipt of indemnity satisfactory to it and at the expense of Lessee (including, without limitation, all costs, expenses, losses, legal and accountants' fees and disbursements, penalties and interest), in good faith and by appropriate legal proceedings, contest (or shall permit Lessee, if desired by Lessee, to contest in the name

of Lessee and/or Lessor) the validity, applicability or amount of such taxes and/or other charges in any reasonable manner which will not affect or endanger the title and interest of Lessor to the cars, including but not limited to (i) resisting payment thereof if possible, (ii) not paying the same except under protest, if protest is necessary and proper, and (iii) if payment be made, using reasonable efforts to obtain a refund thereof in appropriate administrative and judicial proceedings. If Lessor shall obtain a refund of all or any part of such taxes and/or other charges in connection therewith, Lessor shall pay to Lessee the amount of such refund provided Lessor has been fully indemnified as hereinabove provided. If in addition to such refund Lessor shall receive an amount representing interest, Lessee shall be paid the proportion of such interest which is fairly attributable to such taxes and/or other charges paid or indemnified for by Lessee prior to the receipt of such refund. Lessee shall not be deemed to be in default under any of the above indemnification provisions so long as it shall diligently prosecute such contest.

ARTICLE 12

ASSIGNMENT, TRANSFERS, ENCUMBRANCES

A. Lessor's Rights to Assign or Transfer:

All rights of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, either in whole or in part, and/or Lessor may assign, pledge, mortgage, transfer or otherwise dispose of title to the car, with or without notice to Lessee. In the event of any such assignment, pledge, mortgage, transfer or other disposition, all of such assignee's rights under this Lease, and all rights of any person, firm or corporation who claims or who may hereafter claim any rights in this Lease under or through Lessor, are hereby made subject and subordinate to the rights of the Lessee hereunder. At the request of Lessor or any chattel mortgagee, assignee, trustee, or other holder of the legal title to the car, the car may be lettered or marked to identify the legal owner of the car at no expense to Lessee.

B. Lessee's Rights to Transfer or Sublease:

Lessee agrees to use the car exclusively within the boundaries of the continental United States (exclusive of Alaska and Hawaii) or in international service between Canada and the United States provided the car is used predominantly within the United States within the meaning of Section 48 of the Internal Revenue Code of 1954, as amended. Lessee shall not transfer, sublease or assign the car or this Lease by operation of law or otherwise without Lessor's prior written consent which shall not be unreasonably withheld by Lessor. No transfer, sublease or assignment of this Lease, or of the car, shall relieve Lessee from any of its obligations to Lessor under this Lease.

ARTICLE 13
OWNERSHIP OF THE CAR

Lessee acknowledges and agrees that by the execution of this Lease it does not obtain and by payments and performance hereunder it does not and will not have or obtain any title to the car or any property right or interest therein, legal or equitable, except solely as Lessee hereunder and subject to all of the terms hereof. Lessee shall keep the car free from any encumbrances or liens which may affect Lessor's title.

ARTICLE 14
DEFAULT BY LESSEE

A. Default Conditions:

If Lessee defaults in the payment of any sum of money to be paid under this Lease and such default continues for a period of ten (10) days after written notice to Lessee of such default; or if Lessee fails to perform any covenant or condition required to be performed by Lessee which failure shall not be remedied within ten (10) days after notice thereof by Lessor to Lessee; or if Lessee shall dissolve, make or commit any act of bankruptcy, or should

any proceeding under any bankruptcy, or insolvency statute or any laws relating to relief of debtors be commenced by or against Lessee; or should a receiver, trustee or liquidator be appointed for Lessee or for all or a substantial part of lessee's assets; or should an order, judgment or decree be entered by a court of competent jurisdiction and continue unpaid and in effect for any period of sixty (60) consecutive days without a stay of execution; or should a writ of attachment or execution be levied on the car and not be discharged within ten (10) days thereafter, Lessor may exercise one or more of the following remedies with respect to the car.

1. Immediately terminate this Agreement and Lessee's rights hereunder;
2. Require the Lessee to return the car to Lessor at Lessee's expense, and if Lessee fails to so comply, Lessor may take possession of the car without demand or notice and without court order or legal process. Lessee hereby waives any damages occasioned by such taking of possession whether or not Lessee was in default at the time possession was taken, so long as Lessor reasonably believes that Lessee was in default at such time. Lessee acknowledges that it may have a right to notice of possession and the taking of possession with a court order or other legal process. Lessee, however, hereby knowingly waives any right to such notice of possession and the taking of such possession without court order or legal process;
3. Lease the car to such persons, at such rental and for such period of time as Lessor shall elect. Lessor shall apply the proceeds from such leasing less all costs and expenses incurred in the recovery, repair, storage and renting of the car, toward the payment of Lessee's obligations hereunder. Lessee shall remain liable for any deficiency, which at the Lessor's option, shall be paid monthly, as suffered, or immediately or at the end of the term as damages for Lessee's default;

4. Bring legal action to recover all rent or other amounts then accrued or thereafter accruing from Lessee to Lessor under any Provision hereunder;

5. Pursue any other remedy which Lessor may have.

B. Each remedy is cumulative and may be enforced separately or concurrently. In the event of default, Lessee shall pay to Lessor all costs and expenses including reasonable attorneys' fees expended by Lessor in the enforcement of its rights or remedies hereunder, and Lessee shall pay interest at the rate of ten percent (10%) per annum on any amount owing to Lessor from the time such amount becomes due hereunder.

ARTICLE 15

TERMINATION OF LEASE

At the termination of this Lease, Lessee, at its expense, shall return the car and each part thereof, to Lessor at either the Lessee's plant in York, Pennsylvania or to such other point, as may be mutually agreed upon by Lessor and Lessee, empty, free from residue, and in the same good order and condition as it was delivered by Lessor to Lessee, ordinary wear and tear, and repairs that Lessor is required to make pursuant to Article 8 hereof excepted. Lessee shall, on demand, reimburse Lessor for the cost of cleaning any car that contains residue. Lessor shall have the right, at its expense, to inspect the car returned pursuant hereto to determine the existence of any abnormal damage arising from misuse, negligence, failure to maintain the car or otherwise. In the event such damage exists, Lessor shall notify Lessee and Lessee shall pay for all repairs thereto required. Lessee at its option and upon ten (10) days written notice may redeliver the car to Lessor during the thirty (30) calendar day period immediately preceding the date on which the term of this Lease expires. If Lessee shall elect to so redeliver the car, the rental on such car shall cease on the date on which such car is so redelivered to Lessor. In the event that the car is not redelivered to Lessor on

or before the date on which the term of this Lease expires, all of the obligations of Lessee under this Lease with respect to such car shall remain in full force and effect; provided, however, that the daily rental for such car until returned shall be one and one-half times the pro rata rate of the monthly rental specified in Exhibit "B" hereof.

ARTICLE 16

WARRANTIES AND REPRESENTATIONS

LESSOR MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, AS TO THE CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR ANY OTHER MATTER CONCERNING THE CAR. LESSEE HEREBY WAIVES ANY CLAIM IT MIGHT HAVE AGAINST LESSOR FOR ANY LOSS, DAMAGE, OR EXPENSE CAUSED BY THE CAR OR BY ANY DEFECT THEREIN OR USE OR MAINTENANCE THEREOF, OR SERVICING OR ADJUSTMENT THERETO. During the period of any lease hereunder in which Lessee renders faithful performance of its obligations, Lessor hereby assigns to Lessee any factory or dealer warranty, whether express or implied, or other legal right Lessor may have against the manufacturer in connection with defects in the car covered by this Lease.

ARTICLE 17

ARBITRATION

Any controversy or claim arising out of, or relating to, this Lease or the breach thereof, shall be submitted to arbitration in accordance with the rules then obtaining of the American Arbitration Association, and judgment upon the award rendered thereby may be entered in any court having jurisdiction thereof.

Arbitrators shall be required to file written findings in support of their conclusion. Such arbitration shall take place in San Francisco, California.

ARTICLE 18
MODIFICATION PROCEDURE

- A. No modification or waiver of any provision of this Lease nor consent to any departure by Lessee therefrom shall be effective unless the same shall be in writing signed by both parties, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.
- B. If any term or provision of this Lease or the application thereof shall, to any extent, be invalid or unenforceable, such invalidity or unenforceability shall not affect or render invalid or unenforceable any other provision of this Lease, and this Lease shall be valid and enforced to the fullest extent permitted by law.

ARTICLE 19
SUBJECT TO CALIFORNIA LAWS

This Lease and the provisions herein shall be interpreted under, and performance shall be governed by, the laws of the State of California.

ARTICLE 20
FAILURE TO PERFORM

If Lessee fails to perform any of its obligations hereunder, Lessor, at Lessee's expense, and without waiving any rights it may have against Lessee for such nonperformance, may itself render such performance. Lessee shall reimburse Lessor on demand for all sums so paid by Lessor on Lessee's behalf.

ARTICLE 21
RIGHT OF INSPECTION

Lessor or its assignee shall, at any reasonable time, and without interfering with Lessee's operations, have the right to inspect the car by its authorized representative wherever it may be located for the purpose of determining compliance by Lessee with its obligations hereunder.

ARTICLE 22
NOTIFICATION REQUIRED

Lessee shall immediately notify Lessor of any accident or malfunction in connection with the operation of the car, including in such report the time, place and nature of the accident, the damage caused to the property, the names and addresses of persons injured and of witnesses, and such other information as may be pertinent to Lessor's investigation of such accident. Lessee shall also notify Lessor in writing within ten (10) days after any attachment, tax lien, or other judicial process attaches to the car. Within five (5) days after receipt of written demand from Lessor, Lessee shall give Lessor written notice of the approximate location of the car.

ARTICLE 23
ASSIGNMENT OF RIGHTS

This Lease shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and assigns; provided, however, that no rights of Lessee under this Lease shall pass to any successor or assignee of Lessee by operation of law or otherwise without the prior written consent of Lessor which consent shall not be unreasonably withheld.

ARTICLE 24
EQUIPMENT CHANGES

Lessee shall comply with all governmental laws, rules, regulations, requirements, and the Code of Rules of the Association of American Railroads with respect to the use, maintenance and operations of the car. In case any equipment or appliance on the car shall be required to be changed or replaced or in case any additional or other equipment, or appliance shall be required to be installed on the car in order to comply with such laws, regulations, requirements, and rules, Lessee agrees to cause such changes, additions, and/or replacements to be made at Lessor's cost and expense and title thereto shall be immediately vested in Lessor. Following completion of such work, the rental payable for the car shall be increased by \$15.00 per month per each \$1,000.00 of such additional cost and expense for the remaining term of the Lease.

ARTICLE 25
OPTION TO PURCHASE

Upon termination of this Lease or any renewal periods that may be arranged, Lessee shall have the option to purchase said car at its then current fair market value. Lessor agrees it will not offer said car for sale to any potential purchaser during the term hereof or at its termination without first offering an opportunity to said Lessee to purchase at the then current fair market value.

ARTICLE 26
ADMINISTRATION OF LEASE

Lessee agrees to make available to Lessor information reasonably required for the efficient administration of this Lease.

ARTICLE 27
ADDRESSING OF NOTICES

Any notice required hereunder shall be in writing and shall be delivered to the respective parties hereto by personal delivery thereof or by deposit in the United States Mail as Certified or Registered matter, return receipt requested, postage prepaid, and addressed to the respective parties as follows, unless otherwise advised in writing:

Lessee to Lessor

To: Professional Lease Management, Inc.
One Embarcadero Center, Suite 2202
San Francisco, California 94111

Lessor to Lessee

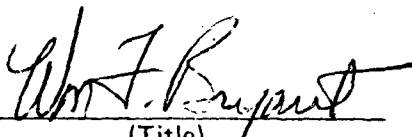
To: Allis-Chalmers Corporation
Hydro-Turbine Division
P.O. Box 712
York, Pennsylvania 17405

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed and delivered as of the day and year first above written.

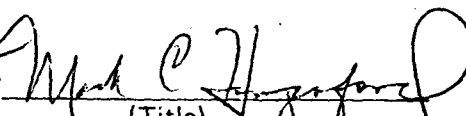
ATTEST:

PROFESSIONAL LEASE
MANAGEMENT, INC.

By


(Title)
Secretary

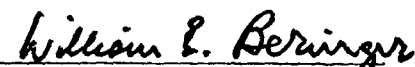
By


(Title)
President

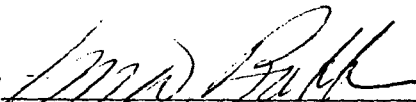
ATTEST:

ALLIS-CHALMERS CORPORATION

By


(Title)
Assistant Secretary

By


(Title)

M. W. BABB
ASSISTANT TREASURER

EXHIBIT "A"

DESCRIPTION OF CAR

One, eight axle, 125 Ton Depressed Center Flat Car per Maxson Corp. Specification 849-2 dated January 8, 1976, Speciality List Specification 849-2, Rev. "A", and General Arrangement 125 Ton D. C. Flat Car drawing No. E-149-2, Rev. A copies attached. Each document is marked "EXHIBIT A1", "EXHIBIT A2", and "EXHIBIT A3" respectively.

The car to which this lease shall apply is hereby designated Car B and is one of two identical cars being leased at this time by the Lessee from Lessor and shall be further identified for the purposes of this Lease as the car bearing the higher of the serial numbers which shall be attached to said cars by the manufacturer at the time of delivery to Lessee.

Note: See duplicate Railroad Car Lease Agreement for description of Car A, Allis-Chalmers Purchase Order YH-44903-C.

THE MAXSON CORPORATION

RAIL CAR DIVISION

500 COMO AVENUE
P.O. BOX 3585
ST. PAUL, MINNESOTA 55161
TELEPHONE (612) 488-2501



JANUARY 8, 1976

SPECIFICATION NO. 849-2

8 AXLE * 125-TON DEPRESSED CENTER FLAT CAR

GENERAL DESCRIPTION

LENGTH OVER END SILLS	58'0"
DECK WIDTH	9'-0"
DEPRESSED DECK LENGTH	30'-0"
DEPRESSED DECK HEIGHT (NOMINAL LT. CAR)	2'-0 $\frac{1}{2}$ "
LENGTH OVER STRIKERS	81'-0"
LENGTH OVER PULLING FACES	86'-1"
TRUCK CENTERS	56'-0"
TRUCK WHEEL BASE	5'-8"
BODY CENTER PLATE HEIGHT	2'-10 $\frac{1}{4}$ "
COUPLER HEIGHT	2'-10 $\frac{1}{2}$ "
WHEEL DIAMETER	33"
JOURNAL SIZE	6" x 11"
MAXIMUM AXLE LOAD	55,000#
GROSS RAIL LOAD	440,000#
ESTIMATED LIGHT WEIGHT	145,000#
ESTIMATED LOAD LIMIT	295,000#
RAIL LOAD PER FT. OF COUPLED LENGTH	5111#/Ft.

GENERAL

Cars of the following specifications are all steel, of welded construction, designed for AAR interchange service and conforming to clearance limitations of AAR plate "B". These cars meet or exceed AAR Specifications for Design, Fabrication, and Construction of Freight Cars.

DESIGN

This car is designed to carry the load limit uniformly distributed over 18 feet and centered on the car, with a positive margin of safety to yield point at a load factor of 1.8. All other AAR load criteria are also met with a positive margin of safety to yield. Due to the low deck height and long deck length requested on this car, and the consequent shallow structural sections, the car is rather flexible. Deflections of approximately 2" over the inboard axles and 5" at center line of car can be anticipated due to the load limit. These deflections will be compensated for by cambering the car body a percentage of the total load deflection.

CURVE NEGOTIABILITY

This car will negotiate a 150' radius curve using B-E60B-HT coupler with 15" FreightMaster E.O.C. cushioning unit, when coupled to an AAR base car.

MATERIAL

All material in these cars to be purchased new, and will meet AAR and/or ASTM specifications. Main car body members will consist of combinations of structural quality carbon steel and high-strength low-alloy structural steel as required by design and material availability.

UNDERFRAME

The underframe is a built-up weldment, the principal parts of which are; the deck plate, center and side sill webs, crossbearers, bottom flanges and cover plates, and body bolster webs and bottom flange. The deck plate is provided with two rows of holes, one on each side, for lading tie down.

DECK PLATE

The deck plate is a full width steel plate which acts as center sill, side sill, and crossmember top flange plate.

CENTER SILL AND SIDE SILLS

The center sill and side sills are fabricated box sections extending the full length of the car. Three bottom cover plates are added with two of them terminating between the high and low transitions and the other running from bolster to bolster.

CROSSBEARERS

There are eleven crossbearers per car fabricated with web plates.

BOLSTERS

The car body bolsters are fabricated with web plates and bottom flange plates. The deck plate acts as top flange plate.

CENTER PLATES

Center plates are to be machined from solid plate, ASTM A-36, flame hardened, and welded to the body bolster bottom flange plate.

TRUCKS AND AIR BRAKESCENTER PINS

Center pins are to be 1 3/4" diameter, ASTM A-36 steel.

TRUCKS

The trucks are a double four wheel arrangement, standard 70-ton capacity with Grade "B" cast steel side frames and bolsters having single roller side bearings and standard 70-ton 13 3/4" diameter center plate bowls. These trucks are equipped with AAR M-101, D-11 raised wheel seat axles; 33" one wear CJ-33, untreated, cast steel wheels; 6" x 11" roller bearings; D3 springs with 2 1/2" travel and Barber stabilizing. Trucks are to receive one coat of black mineral paint by supplier.

SPAN BOLSTERS

The span bolsters are to be cast steel fitted to make two standard trucks act as a double four wheel arrangement. The striker and front draft lugs are to be an integral steel casting, suitable for a standard

"E" coupler and 15" E.O.C. cushioning. The striker casting and rear back stops are welded into a fabricated draft arm, consisting of two 13" zee sections, which in turn is secured to the span bolster arm by welding. An end platform is fabricated from structural shapes, and plates, suitable for mounting air brake equipment, hand brake, and safety appliances.

AIR BRAKES

Air brakes to consist of one ABD valve and accessories, mounted on each end of car to handle, WABCO PAC B3-A-7 $\frac{1}{2}$ " truck mounted brakes. Brake shoes are to be composition type. Brake pipes are to be all welded with socket welded swivel flange fittings, and screw type angle cock. The hand brake (one end only) is to be a vertical wheel high power type. The brakes conform to AAR and FRA requirements.

BODY ACCESSORIES AND FINISHING

ROUTING CARD BOARDS

There shall be two per car, located at BR and AL corners of the car of 3/4" thick Douglas fir, exterior grade plywood.

DEFECT CARD HOLDER

One (1) per car of lid type.

SAFETY APPLIANCES

Grab irons will be 3/4" rods with forged ends. Sill steps will be flat steel bars 2" wide by 1/2" thick. All safety appliances conform to DOT, FRA, and AAR requirements. Huck bolts or machine bolts will be used as fasteners.

PAINTING

Finishing is to consist of cleaning by grit blasting followed by application of one (1) coat of Direct-to-Metal Dutch Boy Won-Spray Freight Car Enamel, for a total dry film thickness of 3 mils.

Stenciling is per AAR requirements and owners instructions. No special decals are included. ACI labels are included.

CONDITIONS

The Maxson Corporation reserves the right to modify structural design and details as may be necessary to facilitate manufacturing when such modifications meet AAR requirements and do not adversely effect general design.

THE MAXSON CORPORATION



SPECIFICATION NO. 849-2 REV. "A"

SPECIALTY LIST

JANUARY 12, 1976

125 TON DEPRESSED CENTER FLAT CAR

ITEM	DESCRIPTION	SUPPLIER	C/S PRICE
WHEELS	33" ONE WEAR CJ-33 CLASS "U" UNTREATED	GRIFFIN WHEEL	}-- \$6,253.60
AXLES	6" x 11" CLASS "E", M-101	U. S. STEEL	
JOURNAL BEARINGS	6" x 11" CLASS "E" ROLLER BEARINGS	TIMKEN	
SIDE FRAMES	6" x 11" GRADE "B" CAST STEEL	SCULLIN STEEL CO.	2,747.20
BOLSTERS	GRADE "B" CAST STEEL 14" BOWL	SCULLIN STEEL CO.	1,788.00
SPAN BOLSTERS	FIVE PIECE WELDED DESIGN	BUCKEYE STEEL CASTINGS COMPANY	15,110.00
RIDE CONTROL	S-2 BARBER	STANDARD CAR TRUCK	321.50
TRUCK SPRINGS	2 $\frac{1}{2}$ " TRAVEL D-3, 40 INNER, 56 OUTER	HENRY MILLER	452.00
RETAINER FRAME KEYS	FL-70	BUCKEYE STEEL CASTINGS COMPANY	25.60
ADAPTORS	NARROW PEDESTAL	ABEX CORPORATION	233.28
SIDE BEARINGS-TRUCK	SINGLE ROLLER 656-C	A. STUCKI CO.	137.00
SIDE BEARINGS-BODY	10" LONG WEAR PLATE	A. STUCKI CO.	30.00
ABD EQUIPMENT	ABD COMPLETE WITH ALL ACCESSORIES	NEW YORK AIR BRAKE	1,680.00
AIR BRAKES	B3-A-7 $\frac{1}{2}$ "	NEW YORK AIR BRAKE	1,440.00
HAND BRAKE	VERTICAL WHEEL, D-6500	ETLCON NATIONAL	275.00
COUPLERS	B-E50B-HT	AMER. STEEL FDRY.	395.80
COUPLER DEVICE	SUITABLE FOR 15" HD-E FREIGHTMASTER	STANRAY CORPORATION	37.00
CUSHIONING DEVICE	EL-E 15" E.O.C.	FREIGHTMASTER	3,160.00

DAVID CHALMERS
RAIL CAR DIVISION
500 COMO AVENUE
P.O. BOX 3585
ST. PAUL, MINNESOTA 55111
TELEPHONE (612) 488-2501
APR 5 10 33 AM '76

SPECIALTY LIST NO. 849
JANUARY 12, 1976

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<u>ITEM</u>	<u>DESCRIPTION</u>	<u>SUPPLIER</u>	<u>C/S PRICE</u>
STRIKER CASTING	FOR 15" HD-E FREIGHTMASTER	BUCKEYE STEEL CASTINGS CO.	757.40
BACKSTOP CASTING	SUITABLE FOR 15" HD-E FREIGHTMASTER	TEXAS STEEL	300.00
DEFECT CARD HOLDER	"CHEEPER"	WESTERN RY.	2.00

EXHIBIT "B"

TERM OF LEASE:

Five years from the Effective Date

DATE OF DELIVERY OF CAR: On or about July 30, 1976

MONTHLY RENTAL:

\$ 2,053.28 per month or 1.5% per month
of actual cost.

ESTIMATED COST:

\$ 136,885 see Maxson Corp. quote of
April 2, 1976 File 45320 attached.
(EXHIBIT B1)

INSURED AMOUNT:

\$ 136,885 or final price of car.

PLACE OF DELIVERY:

Allis-Chalmers Corp. Plt. #2
East Berlin Road
York, Penna. 17405

THE MAXSON CORPORATION

RAIL CAR DIVISION

500 COMO AVENUE
P.O. BOX 3585
ST. PAUL, MINNESOTA 55165
TELEPHONE (612) 488-2501

April 2, 1976

File: 45320



Mr. Richard Conaway, Buyer
Allis-Chalmers
P. O. Box 712
York, PA. 17405

Re: (2) 125-ton capacity Depressed
Center Flat Cars

Dear Mr. Conaway:

This proposal is subject to the terms and conditions on the back hereof,
which terms and conditions are expressly referred to and made a part hereof.
except as noted below.

We are pleased to requote you the price of \$136,885.00 each f.o.t. our plant,
St. Paul, Minnesota, for two (2) subject rail cars as per Dwg. No. #-849-2 Rev. "A"
and Specification No. 849-2, both in your possession.

The above price is based on a quantity of three (3) cars; (2) for Allis-Chalmers
Corporation and (1) for Harnischfeger Corporation, with all cars being purchased
by Professional Lease Management and produced during the third quarter of this year.


We do not include any sales or use taxes if applicable. Acceptance of this proposal
is limited to not more than thirty (30) days from the above date.

Material prices are based on the enclosed specialty list number 849-2 Rev. "A"
dated Jan. 12, 1976 and published steel prices of same date, and therefore, subject
to escalation in accordance with prices in effect at time of construction. We are
firm on labor.

Thank you again for the opportunity to do business with you.

Sincerely,

THE MAXSON CORPORATION


R. A. Caruth
Vice President
Rail Car Division

RAC:CDI

Enc.

cc. Mr. George Tedesco, Professional Lease Management
Mr. John Kohan, Maxson Representative

THE MAXSON CORPORATION

RAIL CAR DIVISION

500 COMO AVENUE
P.O. BOX 3585
ST. PAUL, MINNESOTA 55165
TELEPHONE (612) 488-2501



MEMO

March 19, 1976

TO: J. C. O'Fallon
FROM: R. W. Hackbarth
RE: File #45320, 8 axle, 125 ton D.C. flat cars for Prof. Lease
Mgt./Allis Chalmers

- I. The following items are amendments to Spec. # 849-2, dated 8 Jan. 76. They should be considered part of the specification under the various headings as follows:

DESIGN

The car body camber will be kept to a minimum consistent with the flexibility of the car body and good design practice.

UNDERFRAME

The deck plate is provided with two rows of holes, one on each side, for lading tie down in the low deck region. On both ends of the car the upper deck will be provided with one row of lading band anchors on each side of the car at the edge of the deck plate. Six tie down lugs are provided on each end of the car in the transition region.

SAFETY APPLIANCES

F.R.A. approval will be obtained on these cars for the purchaser. This takes the form of a letter from the F.R.A. on a given lot of cars.

PAINTING

The cars are to be painted Allis Chalmers orange (per a paint chip on file, DuPont # 81-9657 or equivalent). The trucks are to be painted black and stenciling will be black.

CONDITIONS

Upon completion of the cars, TMC will furnish PLM & A-C with complete fabrication drawings along with truck drawings. This package will include a loading diagram showing permissible loads and information on body deflections for various loads.

II. In addition, the following items have been reviewed, their disposition is as follows:

1. The cars are capable, in themselves, of negotiating 150' radius horizontal curves. However, when they are loaded with a high/wide load, they must be 'cleared' by each of the handling railroads. It is the shipper's responsibility to do this prior to releasing the loaded car.
2. The trucks will be sprung for the full load limit, as required by AAR. We would only deviate from this at the customer's request and then he must assume responsibility for any overloading.
3. The 9'0" deck width is the maximum allowed at a 24 $\frac{1}{2}$ " deck height for the 56'0" truck centers. I believe the 9'2" width that's been mentioned was for a similar car with a 25'0" low deck.
4. During an 18 Mar. 76 telephone conversation with Mr. Ailes, their loading requirements were reviewed. Their loading is not appreciably different than the standard AAR loads, so there will not be any change in deflection and camber requirements. We also discussed their responsibility in clearing high/wide loads, the handling railroads' involvement in same, and why we can not give a definitive answer on the clearance and loaded curving questions. I believe that these questions were fairly well cleared up by this telephone conversation; however, the loading diagram and further discussion at the sample car should resolve any remaining questions.

EXHIBIT "C"

ACKNOWLEDGMENT OF ASSIGNMENT OF LEASE

The undersigned is Lessee under a Lease (the "Lease") dated _____, 197_ between PROFESSIONAL LEASE MANAGEMENT, INC., as Lessor, and the undersigned, as Lessee, with respect to a certain railroad car (the "equipment"). Undersigned hereby acknowledges receipt of a copy of an assignment of the Lease from the Lessor to _____ ("Assignee").

As an inducement to Assignee to partially finance purchase of the equipment being leased by the Lessor to the undersigned pursuant to the lease, the undersigned hereby agrees that:

- (1) The undersigned will pay all rentals and other amounts to be paid by Lessee under — the Lease directly to the Assignee at _____ or at such other address as may be furnished in writing from time to time to the undersigned by the Assignee.
- (2) Assignee shall be entitled to the benefits of and to receive and enforce performance of all the covenants to be performed by the undersigned under the Lease as though the Assignee were named therein as Lessor, but Assignee shall not, by virtue of the assignment, or this instrument of acknowledgment, be or become subject to any liability or obligation under the Lease.
- (3) The undersigned shall not, without the prior written consent of Assignee, amend, terminate or modify the Lease or take any action or omit to take any action, by the taking or omission of which might result in an alteration or impairment of the Lease, except to the extent, if any, that the undersigned

is otherwise entitled to do so as a result of the default thereunder of the Lessor.

Dated as of _____, 197__.

ATTEST:

ALLIS-CHALMERS CORPORATION

By _____
(Title)

By _____
(Title)

EXHIBIT "D"

CERTIFICATE OF ACCEPTANCE
OF RAILROAD CAR

This Certificate relates to a flat car (numbered PLMX 101) leased by PLM Flat Car Program 1976, a California limited partnership, the general partner of which is PLM, Inc. (formerly Professional Lease Management, Inc.), to Allis-Chalmers Corporation under a Railroad Car Lease Agreement dated April 15, 1976, into which this Certificate is incorporated (by Article 3B thereof) as Exhibit "D".

Lessee hereby certifies that the railcar was delivered to and received by Lessee, inspected, determined to be fit and suitable for operation within the meaning of the Code of Rules of the AAR; and Lessee hereby certifies its acceptance of the railcar as of October 1, 1976, the Effective Date (as defined in Article 3B) of the Lease Agreement into which this is incorporated.

Executed: October 14, 1977

Attest:

By Charles E. Alles
(Title:) Traffic Manager

ALLIS-CHALMERS CORPORATION
("Lessee") Hydro Turbine Division

By E. J. Brozovich
(Title:) Manager, Material

"EXHIBIT /A-3"			
	A	5-11-76	Arrests Log and Lastname Arrester
	REV.	DATE	DESCRIPTION
			THE MAXSON CORPORATION
			RAIL CAR DIVISION
			500 CONHO AVE. ST. PAUL, MINN.
			GENERAL ARRANGEMENT
			125 TON D.C. FLAT CAR
	APPROVED BY	ON 5/11/76	DIVISION NO.
		ON J.E.H.	
	DATE ISSUED	SCALE	2-11-76 E-849-2

